



**State of Missouri
Department of Insurance
Life & Health Section**

Company Name: _____

Form # as it appears on the TD-1: _____

DESCRIPTION OF PROVISIONS SPECIFIC TO ANNUITY CONTRACTS As Addressed In <u>SB1188 or Section 376.669 RSMo.</u>		
Citation	Summary	Location in Contract. Page, Paragraph, and Section number

Provisions

<u>376.669.2</u>	In the case of contracts issued on or after the effective date of this section as defined in subsection 11 of this section, no contract of annuity, except as stated in subsection 1 of this section, shall be delivered or issued for delivery in this state unless it contains in substance the following provisions, or corresponding provisions which in the opinion of the director are at least as favorable to the contract holder, upon cessation of payment of considerations under the contract:	
376.669.2 (1)	That upon cessation of payment of considerations under a contract, or upon the written request of the contract owner, the company shall grant a paid-up annuity benefit on a plan stipulated in the contract of such value as is specified in subsections 4, 5, 6, 7, and 9 of this section;	
376.669.2 (2)	If a contract provides for a lump sum settlement at maturity, or at any other time, that upon surrender of the contract at or prior to the commencement of any annuity payments, the company shall pay in lieu of a paid-up annuity benefit a cash surrender benefit of such amount as is specified in subsections 4, 5, 7, and 9 of this section. The company may reserve the right to defer the payment of the cash surrender benefit for a period not to exceed six months after demand therefore with surrender of the contract after making written request and receiving written approval of the director. The request shall address the necessity and equitability to all policyholders of the deferral;	
376.669.2 (3)	A statement of the mortality table, if any, and interest rates used in calculating any minimum paid-up annuity, cash surrender or death benefits that are guaranteed under the contract, together with sufficient information to determine the amounts of the benefits;	
376.669.2 (4)	<p>A statement that any paid-up annuity, cash surrender or death benefits that may be available under the contract are not less than the minimum benefits required by any statute of the state in which the contract is delivered and an explanation of the manner in which the benefits are altered by the existence of any additional amounts credited by the company to the contract, any indebtedness to the company on the contract or any prior withdrawals from or partial surrenders of the contract.</p> <p>Notwithstanding the requirements of this subsection, a deferred annuity contract may provide that if no considerations have been received under a contract for a period of two full years and the portion of the paid-up annuity benefit at maturity on the plan stipulated in the contract arising from prior considerations paid would be less than twenty dollars monthly, the company may at its option terminate the contract by payment in cash of the then present value of the portion of the paid-up</p>	



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	annuity benefit, calculated on the basis on the mortality table, if any, and interest rate specified in the contract for determining the paid-up annuity benefit, and by this payment shall be relieved of any further obligation under the contract.	
<u>376.669.3</u>	The minimum values as specified in subsections 4, 5, 6, 7, and 9 of this section of any paid-up annuity, cash surrender or death benefits available under an annuity contract shall be based upon minimum nonforfeiture amounts as defined in this section:	
376.669.3(1)	The minimum nonforfeiture amount at any time at or prior to the commencement of any annuity payments shall be equal to an accumulation up to such time at rates of interest as indicated in subdivision (3) of this subsection of the net considerations (as hereinafter defined) paid prior to such time, decreased by the sum of paragraphs (a) to (d) below:	
376.669.3(1)(a)	Any prior withdrawals from or partial surrenders of the contract accumulated at rates of interest as indicated in subdivision (3) of this subsection; and	
376.669.3(1)(b)	An annual contract charge of fifty dollars, accumulated at rates of interest as indicated in subdivision (3) of this subsection;	
376.669.3(1)(c)	Any premium tax paid by the company for the contract, accumulated at rates of interest as indicated in subdivision (3) of this subsection; and	
376.669.3(1)(d)	The amount of any indebtedness to the company on the contract, including interest due and accrued.	
376.669.3(2)	The net considerations for a given contract year used to define the minimum nonforfeiture amount shall be an amount equal to eighty-seven and one-half percent of the gross considerations credited to the contract during that contract year.	
376.669.3(3)	The interest rate used in determining minimum nonforfeiture amounts shall be an annual rate of interest determined as the lesser of three percent per annum and the following, which shall be specified in the contract if the interest rate will be reset:	
376.669.3(3)(a)	a) The five-year Constant Maturity Treasury Rate reported by the Federal Reserve as of a date, or average over a period, rounded to the nearest one twentieth of one percent, specified in the contract no longer than fifteen months prior to the contract issue date or redetermination date under paragraph (d) of this subdivision;	
376.669.3(3)(b)	Reduced by one hundred twenty-five basis points;	
376.669.3(3)(c)	Where the resulting interest rate is not less than one percent; and	
376.669.3(3)(d)	The interest rate shall apply for an initial period and may be redetermined for additional periods. The redetermination date, basis and period, if any, shall be stated in the contract. The basis is the date or average over a specified period that produces the value of the five-year Constant Maturity Treasury Rate to be used at each redetermination date.	
376.669.3(4)	(4) During the period or term that a contract provides substantive participation in an equity indexed benefit, it may increase the reduction described in paragraph (b) of subdivision (3) of this subsection by up to an additional one hundred basis points to reflect the value of the equity index benefit. The present value at the contract issue date, and at each redetermination date thereafter, of the additional reduction shall not exceed the market value of the benefit. The director may require a demonstration that the present value of the additional reduction does not exceed the market value of the benefit. Lacking such a demonstration	



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	that is acceptable to the director, the director may disallow or limit the additional reduction.	
<u>376.669.3(5)</u>	(5) The director may adopt rules to implement the provisions of subdivision (4) of this subsection and to provide for further adjustments to the calculation of minimum nonforfeiture amounts for contracts that provide substantive participation in an equity index benefit and for other contracts that the director determines adjustments are justified.	

List of Forms to which this Checklist applies:

Contract Numbers:

Filer's name:

Title:

Date:

Electronic signature:

Actuary Certification Needed:

Senate Bill 1188 was signed into law in June of 2004. This checklist is to assist with the compliance review of the aforementioned laws. The completion of this checklist will expedite the review of your filing as it relates to these laws.

In addition to the completion of this form, it will be necessary to send certification from your actuary that the contract complies with Section 376.669. 3 (1)(2) and (3). It will be necessary to send certification from your actuary that these endorsements comply with Section 376.669 4, 5, 6, 7, 9 and 10 where applicable.

If the contract provides a substantive participation in an equity indexed benefit it will be necessary to comply with Section 376.669.3 (4). This will require sending a demonstration that the present value of the additional reduction does not exceed the market value of the benefit. If already included, please disclose the page number of the actuarial memorandum that illustrates compliance with this section.

If these contracts do not provide cash surrender benefits or do not provide death benefits at least equal to the minimum nonforfeiture amount prior to commencement of any annuity payments, the contract must include a statement in a prominent place that such benefits are not provided to comply with Section 376.669. 8.

This form is in no way an exhaustive or complete statement of all requirements and provisions that might be applicable to annuity contracts. **Please refer to the statutes and regulations for exact wording of requirements or prohibitions. The language within the Missouri Statutes and Regulations always prevails over this checklist.**